

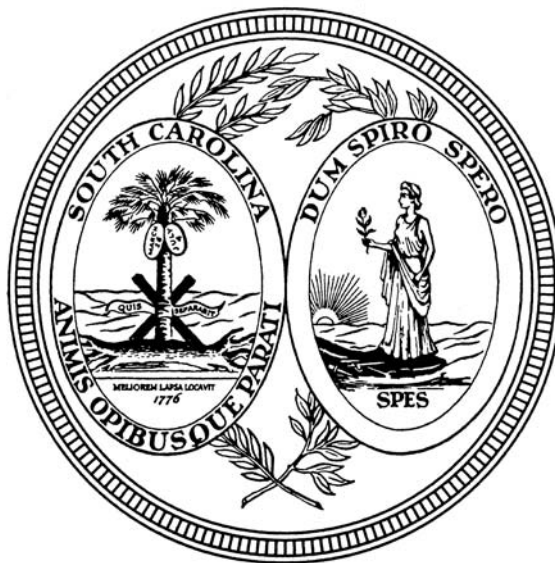


SOUTH CAROLINA GENERAL ASSEMBLY

Legislative Audit Council

August 2011

A REVIEW OF THE CLEMSON UNIVERSITY PUBLIC SERVICE ACTIVITIES (PSA)



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Legislative Audit Council

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Introduction and Background

Audit Objectives

Members of the General Assembly requested the Legislative Audit Council (LAC) to conduct an audit of the Clemson University Public Service Activities (PSA). The requesters were concerned about expenditures, activities as they relate to PSA's mission, duplication of effort with other entities, and executive-level staff responsibilities and compensation. The objectives of this audit were to:

- Explain the background, history, and current structure of the Public Service Activities.
- Identify all funding sources for PSA functions to determine how PSA is funded and, specifically, the amount of appropriated state funds for the PSA.
- Review expenditures of the PSA program to determine if funds were expended appropriately based on the mission of the PSA.
- Identify executive-level PSA staff and determine and explain their responsibilities.
- Review compensation of PSA executive-level staff to determine what salary increases have been granted in recent years, on what justifications the increases were based, and how the amounts of increases were determined.
- Explain the mission of the PSA's approximately 40 activities as they directly or indirectly relate to the core mission of the University.
- Determine if there is any duplication of effort with the Department of Agriculture, other state agencies, or with the private sector.

Scope and Methodology

The period of this review was generally FY 04-05 through FY 10-11, with consideration of earlier or more recent periods when relevant. Information used as evidence in this report was obtained from a variety of sources including:

- University policies and procedures.
- Interviews with University staff and interested parties.
- Interviews of staff at the S.C. Department of Health and Environmental Control (DHEC), S.C. Department of Agriculture (SCDA), the S.C. Forestry Commission (SCFC), and South Carolina State University (SCSU).
- Federal laws, state laws, and regulations.
- U.S. Department of Agriculture (USDA) requirements and documentation.
- Human resource files.
- University financial records.
- Internal audit reports.

Criteria used to measure performance included federal laws, state laws, regulations, and agency policies. We used two nonstatistical samples regarding the review of human resource files and expenditures, the results of which cannot be applied to the whole population. These samples are described in the audit report. The use of computerized data was not central to our audit objectives in that it was primarily used to identify hard copy files for review. We reviewed internal controls of systems used and concluded that they were sufficient.

We conducted this performance audit in accordance with generally accepted government auditing standards with the exception of the general standard concerning quality control. Due to LAC budget reductions, funding was not available for a timely external quality control review. In our opinion, this omission had no effect on the result of this audit.

Those generally accepted government auditing standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Background

The Clemson University Public Service Activities (PSA), established through Clemson's status as a land-grant institution, is a network of research and outreach programs serving the citizens of South Carolina. In addition to promoting research in areas of agriculture and environmental science, PSA programs provide extension services to the public in the form of community development, leadership, and youth programs such as 4-H.

History

Shortly after Clemson University's founding in 1889 (as the Clemson Agricultural College), the S.C. General Assembly designated the college as the land-grant institution for South Carolina, in accordance with the federal Morrill Act of 1862. The following timeline details legislation relevant to the Clemson Public Service Activities:

- 1862 – First Morrill Act. Federal legislation provided funding to states for the express purpose of providing agricultural and mechanical instruction at state-designated "land grant" colleges. South Carolina initially directed these funds to the University of South Carolina (then called the South Carolina College).

- 1887 – Hatch Act. Federal legislation authorized and provided funding to states for establishing experiment stations through the land-grant institutions.
- 1889 – Clemson University founded (called Clemson Agricultural College of South Carolina). Shortly thereafter, the General Assembly designated Clemson as the land-grant institution for South Carolina.
- 1890 – Second Morrill Act. Federal legislation authorized additional funding for land-grant institutions, which led to the establishment of many historically black colleges and universities in the nation. South Carolina State University received this designation when it was founded in 1896 (then called South Carolina State College).
- 1914 – Smith-Lever Act. Federal money is designated to fund extension programs through land-grant institutions. (The South Carolina General Assembly has designated both land-grant institutions in the state, Clemson and South Carolina State University, to receive Smith-Lever Act funds.)

These acts are discussed in more detail on page 17.

Mission

The stated mission of PSA is to develop and deliver science-based information specific to South Carolina's needs by (1) advancing the competitiveness of the \$34 billion agriculture and forestry industry, (2) enhancing the economic potential of rural communities, (3) safeguarding the state's food supply, (4) preserving South Carolina's natural resources, and (5) preparing young people to become productive citizens in their communities.

Historically, PSA programming has centered on agriculture and natural resources, but has expanded to include leadership and community development programs. The PSA mission encompasses a wide array of disparate programs, and it is sufficiently broad to include almost any type of activity that, in general, serves the citizens of South Carolina.

Organization

The research, extension, and regulatory services are all sections of PSA, which operates as a separately-funded entity from the University. The Clemson PSA has its own budget and must submit its own annual accountability report to the General Assembly.

PSA operated within the Clemson academic structure, closely associated with what is now the College of Agriculture, Forestry, and Life Sciences (CAFLS), until restructuring in 1995 made it a separate entity. PSA-funded programs generated funding for academic areas, as well. In FY 09-10, PSA provided 40% of the budget for the CAFLS.

PSA is organized into five “focus areas”:

1. Agrisystems productivity and profitability.
2. Economic and community development.
3. Environmental conservation.
4. Food safety, nutrition, and health.
5. Youth development and families.

All PSA activities, ranging from leadership programs and youth development to bioengineering and alternative energy research, fall into one of these areas. While all five areas currently receive some state general funds, agency officials report they plan to shift all state funding to agricultural and environmental areas, and all other areas will operate from alternative sources of revenue, such as federal grants and generated funds. These focus areas are discussed in more detail on page 20.

Funding and Expenditures

PSA Funding Structure

We were asked to examine funding sources for Clemson's Public Service Activities, and, in particular, the use of appropriated state funds for PSA programs. We examined PSA funding for FY 07-08 through FY 09-10.

Clemson PSA funds come from several sources. PSA receives appropriated funds from the General Assembly and federal funds through grant allocations. The other funds come from fees for services, sales of publications, products and programs offered, local support funds, and returns from sponsored research. More than 99% of PSA funding goes to these major budgetary program areas — Regulatory Services, Livestock-Poultry Health, Agricultural Research, and Cooperative Extension.

As shown in Table 2.1, between FY 07-08 and FY 10-11, total PSA funding has decreased by approximately 28%. The area where funding has dropped most dramatically is state appropriations, which decreased by nearly one-half.

Table 2.1: Change in PSA Funding, FY 07-08 – FY 10-11

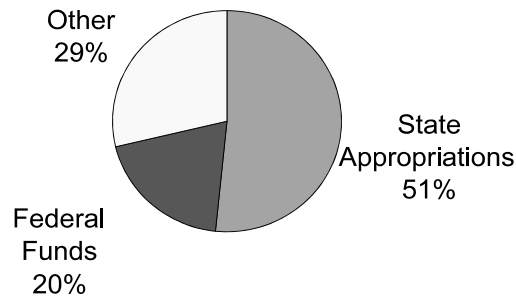
FUNDING SOURCE	FY 07-08	FY 08-09	FY 09-10	FY 10-11	PERCENT CHANGE
State	\$51,883,909	\$40,677,120	\$34,864,712	\$28,470,956	-45.1%
Federal	15,562,447	15,835,546	17,116,103	16,614,661	6.7%
Other	23,470,638	25,208,331	21,703,977	20,591,254	-12.3%
TOTAL	\$90,916,994	\$81,720,997	\$73,684,792	\$65,676,871	-27.8%

Source: PSA

Many PSA programs are funded with state funds that have a federal match requirement. Therefore, even though federal funds increased, it is possible that some federal matching dollars went unallocated because available state matching funds decreased.

Chart 2.2 shows the source of PSA funds for the past three fiscal years.

**Chart 2.2: PSA Funding Sources,
FY 07-08 – FY 09-10**



Source: PSA accountability reports, FY 07-08 – FY 09-10

Program Activities Receiving State Funds

We examined what specific PSA programs receive funding from state appropriations and whether these funding levels have decreased in the last three fiscal years. We found that for almost every program area receiving state funds, the level of state general appropriations had decreased during this period. Several programs that once received state funds no longer do.

PSA programming is divided into five focus areas — agriculture, natural resources, community, food, and youth. Programs within these focus areas are not exclusively tied to a major budgetary program area. For example, 4-H falls under the youth focus area, but receives funding from both the agriculture and extension program areas.

The Office of State Budget requires agencies to submit agency activity inventories to assist with the Governor’s budgeting process. In FY 10-11, PSA submitted its agency activity inventory listing 42 separate activities.

Impact of Budget Cuts

In September 2010, Clemson University announced a budget reduction and restructuring plan for PSA and the College of Agriculture, Forestry, and Life Sciences in order to address state funding cuts.

PSA officials announced that all state funding will be directed exclusively to its core mission elements — agriculture and natural resources research, extension, and regulatory programs. The restructuring plan also states:

- There is no plan to close any county extension offices or research and education centers.
- Administrative costs for county offices will be consolidated into regional business centers that serve multiple counties.
- Activity areas outside the core focus areas will be sustained through alternative funding sources, such as generated revenue.

The restructuring plan stated that all PSA-managed institutes will use state funds only for agricultural and natural resource programs, and that all other programs must utilize generated funds and grants. However, management stated that beginning in FY 11-12, the PSA-managed institutes, including the Strom Thurmond Institute and the Youth Learning Institute, will not receive any state PSA funds for programming, even if they affect the agriculture and natural resource areas.

Budget Impact on PSA Employees

We examined the number of full-time equivalents (FTEs) that PSA has funded over the last three fiscal years. We found that, between FY 07-08 and FY 09-10, the number of Clemson PSA employees was reduced by 26%. We found that, between July 2008 and September 2010, the number of Clemson employees funded, even in part, by PSA was reduced from 884 to 651.

An online guide to Clemson's ten-year strategic plan on the restructuring process indicated that approximately 75% of PSA's budget is devoted to personnel costs, making it impossible to avoid having budget cuts affect employees. In July 2010, Clemson announced that it was offering voluntary retirement and voluntary separation incentives to qualified PSA employees. Clemson officials report that 36 employees have taken advantage of the retirement incentive option, while 23 have opted for the voluntary separation program.

PSA Expenditures

We were asked to review PSA expenditures over the last three fiscal years. We reviewed expense records and examined samples of expenditures to determine whether funds were expended appropriately based on the mission of PSA. We found that:

- Over the last three fiscal years, approximately 90% of state funds spent on PSA major budgetary program areas each year have been for the agricultural research and cooperative extension program.
- Clemson PSA could save money by adhering to the state employee travel policy on lodging limits and requiring use of state rental cars when economical.
- Clemson PSA units, just like all areas of the University, are subject to financial oversight including internal audits of county offices.

Table 2.3 shows the total expenditures of all PSA funds (federal, state, and other) for the past three fiscal years, by program area. Over the three-year period, nearly half of the PSA budget was spent on cooperative extension programs. Just over one-third was spent on agricultural research. Most of the remaining funds were split between regulatory services and livestock and poultry health. The “other” areas include bioengineering and “state energy” programs.

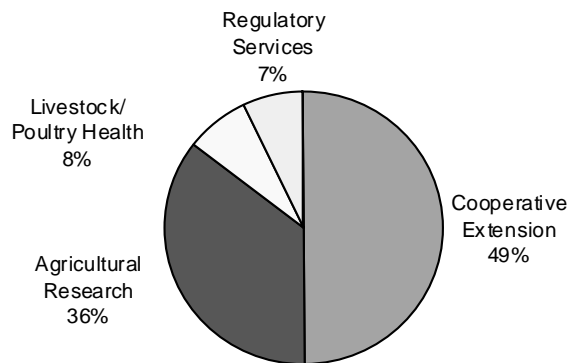
**Table 2.3: PSA Total Expenditures
by Budgetary Program Area,
FY 07-08 – FY 09-10**

BUDGETARY PROGRAM AREA	FY 07-08	FY 08-09	FY 09-10	3-YEAR TOTAL
Regulatory Services	\$5,836,557 (6.42%)	\$5,297,990 (6.48%)	\$5,512,482 (7.48%)	\$16,647,029 (6.76%)
Livestock/Poultry Health	6,558,120 (7.21%)	6,788,083 (8.31%)	5,597,153 (7.60%)	\$18,943,356 (7.69%)
Agricultural Research	34,679,951 (38.14%)	28,232,299 (34.55%)	24,823,799 (33.69%)	\$87,736,049 (35.62%)
Cooperative Extension	43,632,847 (47.99%)	41,351,886 (50.60%)	37,742,062 (51.22%)	\$122,726,795 (49.82%)
Other areas	209,519 (0.23%)	50,739 (0.06%)	9,296 (0.01%)	\$269,554 (0.11%)
TOTAL PSA	\$90,916,994 (100%)	\$81,720,997 (100%)	\$73,684,792 (100%)	\$246,322,783 (100%)

Source: PSA accountability reports, FY 07-08 – FY 09-10

Chart 2.4 shows the percentage of expense by program areas for FY 07-08 through FY 09-10.

**Chart 2.4: PSA Expenditures
by Program Area,
FY 07-08 – FY 09-10**



Source: PSA

**Table 2.5: PSA Expenditures of
State Appropriated General Funds
by Budgetary Program Area,
FY 07-08 – FY 09-10**

BUDGETARY PROGRAM AREA	FY 07-08	FY 08-09	FY 09-10	3-YEAR TOTAL
Regulatory Services	\$1,868,313 (3.60%)	\$1,364,844 (3.36%)	\$1,313,100 (3.77%)	\$4,546,257 (3.57%)
Livestock/Poultry Health	3,535,669 (6.81%)	2,788,041 (6.85%)	2,621,316 (7.52%)	\$8,945,026 (7.02%)
Agricultural Research	23,489,849 (45.27%)	18,089,493 (44.47%)	15,191,839 (43.57%)	\$56,771,181 (44.55%)
Cooperative Extension	22,780,559 (43.91%)	18,434,742 (45.32%)	15,729,161 (45.11%)	\$56,944,462 (44.69%)
Other areas	209,519 (0.40%)	0 (0.00%)	9,296 (0.03%)	\$218,815 (0.17%)
TOTAL PSA	\$51,883,909 (100%)	\$40,677,120 (100%)	\$34,864,712 (100%)	\$127,425,741 (100%)

Source: PSA accountability reports, FY 07-08 – FY 09-10

Relative to the overall PSA budget, agricultural research received more state general appropriations, while regulatory services received less. Nearly 90% of state general funds went to agricultural research and the cooperative extension programs. However, the focus area under which a program falls does not limit it to receiving funding from any specific budgetary program area.

Activity-Based Budgeting

As a part of the executive budgeting process, all state agencies are required to submit activity inventory reports, which break down all agency expenditures by specific areas of effort like administration and educational programming. We reviewed the PSA's Agency Activity Inventory for the past three fiscal years. We found that state general funds are being spent on fewer discrete activities, and, with only one exception, significantly less was spent on activity areas in FY 09-10 than in FY 07-08, many of which offer matching federal funds.

PSA's initial activity inventory reported 42 different program activities. In FY 07-08, PSA spent state dollars on 33 of these 42 areas. Table 2.6 illustrates the change in state spending on the 42 activity areas between FY 07-08 and FY 09-10. All activities received less state funding in FY 09-10 than in FY 07-08 except one—alternative income opportunities for landowners. As of FY 10-11, there were 41 activities (see Appendix A).

Table 2.6: Change in State General Funding for PSA Activities between FY 07-08 and FY 09-10

CHANGE OVER THREE FISCAL YEARS	NUMBER OF ACTIVITY AREAS
Increase in funding	1
Reduced no more than 25%	5
Reduced between 25% and 75%	17
Reduced 75% or more	3
State funding eliminated	7
No state funds spent any year	9

Source: PSA agency activity inventories

Expenditures Outside of PSA Mission

We were asked to examine the expenditures in areas that were not directly related to PSA's core mission. We found that while there are areas that do not pertain to the traditional PSA core areas of agriculture and natural resources, state general funds to these areas will soon be eliminated.

Some areas of PSA do not have any direct connection to agriculture or natural resources (see p. 22). Although PSA focus areas include other types of activities, we reviewed selected funding of areas that appeared to be the least related to these traditional PSA concentrations. We found that while several of these areas received state general funding for past fiscal years and the current fiscal year, FY 10-11, these areas will no longer receive state general funds as of July 2011, as part of the PSA restructuring, and will have to find alternative funding sources.

Table 2.7 shows the level of state general funding that selected PSA institutes received in FY 10-11.

**Table 2.7: State General Funding
to Select PSA-managed Institutes,
FY10-11**

INSTITUTES	STATE FUNDING FY 10-11*
Institute for Family and Neighborhood	\$661,596
Strom Thurmond Institute	\$242,498
Youth Learning Institute	\$377,884

*PSA officials report these areas will receive no state general funding for FY 11-12.

Source: PSA

PSA Travel and Dual Employment

We examined a sample of PSA travel expenditures for the last three fiscal years. We found that Clemson's travel policy does not require employees to adhere to U.S. General Services Administration (GSA) lodging rates. The GSA sets per diem rates for government travel each fiscal year based on contractor-provided average daily rate data. Employees have been reimbursed for lodging in excess of the GSA rates. Also, employees may receive mileage reimbursements for using their personal cars even though it would have been more economical to use a rental car through the state contract.

Travel Expenditures

We reviewed a nonstatistical sample of travel expenditures incurred from FY 07-08 through FY 09-10. The results of this sample cannot be generalized to the population as a whole. We reviewed 96 files for documentation and adherence to Clemson's employee travel guidelines. There was missing documentation for four files.

Lodging Rates

The state travel policy does not apply to colleges and universities when they pay for travel from sources other than general funds. However, PSA may lower its travel costs by requiring that employees follow the state policy in all situations.

Proviso 89.23 of the FY 10-11 appropriations act, as in previous years' provisos, exempts employees of state colleges and universities from the state travel policy when travel reimbursements are paid from sources other than general funds. As a result, the University's employee travel policy is less strict than the state Comptroller General's (CG's). Clemson's employee guidelines for travel reimbursement state that employees should exercise prudence when making travel arrangements, avoid unnecessarily expensive accommodation, and request a government rate if available. The CG's state employee travel policy requires adherence to lodging rates established by the GSA . The proviso also requires that agency heads provide written approval for any employee receiving a reimbursement in excess of the appropriate rate.

Several files in our sample documented reimbursements for lodging in excess of the GSA lodging rate limits. The GSA rates in these examples include a 25% allowance over the standard rate since the trips were for conferences:

- Reimbursement for four nights in a North Myrtle Beach hotel was \$77 per night over the GSA rate of \$148.
- A five-night stay in Chicago was reimbursed for a rate which was \$48 per night over the GSA rate of \$176.
- A four-night stay in Las Vegas was reimbursed for a rate \$64 per night over the GSA rate of \$116.

PSA should continue to ensure that state general funds are not used to reimburse for lodging that exceeds GSA lodging rates. Also, PSA could save travel costs by requiring employees to adhere to GSA limits whenever possible, regardless of the source of funds.

Recommendation

Mileage Reimbursement vs. Rental Cars

1. Clemson University Public Service Activities management should require employees to comply with the state travel guidelines and adhere to GSA lodging rates in order to maximize cost savings.
-

Of the 34 mileage reimbursement files in our sample, some including more than one trip, there were 4 trips where Clemson PSA employees received mileage reimbursement for driving their personal vehicles, when it would have been more cost effective to use a vehicle from the University's contracted rental fleet.

Clemson's guidelines for University travel, like the state employee guidelines, instruct University employees to select the most economical transportation available. For travel by automobile, rental cars from the contracted state vendor are permitted when they are more economical than driving a personal vehicle and requesting mileage reimbursement. The state contract provides for unlimited mileage.

The Clemson University chief financial officer's (CFO's) website provides a cost comparison tool that can be used to determine whether it is more economical to use the state contracted rental car company instead of receiving reimbursement for driving a personal vehicle. However, it is generally more efficient to use a rental vehicle for trips that cover long distances in a short time span.

During one month in FY 09-10, four trips totaling approximately 1,680 miles, each lasting two days or less, were taken with a personal vehicle and the employee was reimbursed a total of \$782. The employee was reimbursed at the standard lower mileage rate because a rental vehicle was available. However, had these trips been taken using a rental vehicle, the cost to the University would have been approximately \$486, for a savings of \$296.

By utilizing the CFO's cost comparison tool and opting for the most economical method of travel, PSA employees may save travel costs.

Recommendation

2. Clemson University Public Service Activities management should require employees to utilize the most economical travel arrangements available in order to maximize cost savings.

Dual Employment

Clemson University, like other state agencies, may hire its own employees to perform dual employment. Dually-employed individuals are employees in FTE positions who accept additional temporary, part-time employment outside of the employee's normal job duties with the same or another state agency. We reviewed records of dual employment in PSA for FY 06-07 through FY 09-10. During this period, 22 Clemson PSA employees received dual employment from other sources, while an additional 22 individuals, primarily employed in another area of the University, received dual employment payments from PSA.

Of the 22 individuals primarily employed by PSA, 13 were hired in a dual employment capacity by other areas within Clemson University, while 9 were dually employed at another state agency. The latter were mostly cases of adjunct teaching appointments at other institutions of higher education.

We found 22 individuals that received dual employment from PSA while primarily employed in another area of the University. These cases included employment for custodial services at PSA-managed facilities and a Clemson University faculty member overseeing a 4-H equine program. Not all the files in our sample had documentation of the times at which dual employment activities were supposed to be performed. This information is required by state regulation and University policy, as dual employment responsibilities may not conflict with an employee's primary job.

One file documented PSA hiring an employee whose primary employment was a temporary, part-time position for two concurrent dual employment appointments. During this same time, the employee was also hired for a third dual employment appointment in another area of Clemson University. The employee's primary employment was with the Office of Faculty Senate with annual compensation of \$15,500. The dual employment appointments were:

- Residential growth research project — \$6,500.
- Palmetto Institute tax project — \$3,000.
- Teaching policy studies course — \$5,000.

State regulation and University policy restrict dual employment to individuals employed in an FTE position. Also, annual dual employment compensation is limited to 30% of an employee's annualized salary. This employee no longer receives dual employment compensation from PSA. Management reported that temporary employees are no longer eligible to receive dual employment, and that there are no instances of part-time employees receiving dual employment in PSA.

To ensure compliance with University and state HR policies, officials should ensure that all dual employment requests specify the times at which the dual employment work is to take place. Also, officials should restrict dual employment to FTEs and approve dual employment compensation for no more than 30% of an employee's annual salary.

Recommendation

3. Clemson University Public Service Activities management should ensure that dual employment requests are approved in compliance with state and University human resource policies, including the specified times for employment, allowing only FTEs to obtain dual employment, and limiting dual employment compensation to 30% of the employee's annual salary.

Internal Audit

We reviewed internal audits performed between FY 07-08 and FY 09-10 of all areas that pertained to PSA. This included audits of county offices as well as university-wide issues like procurement and travel that also applied to PSA. For the three years we reviewed, the internal auditors found issues including improperly completed time sheets, receipts not written at the time funds are received, late deposits, and procurement card statements not signed by the cardholder.

The internal auditors conduct unannounced reviews of four to five county offices per year, usually within a clustered region. In order to ensure a separation of duties, the offices use cross-county reconciliation. The University internal audit office did not report any problems in this area.

The audit process includes reviewing all funds on hand; tracing a sample of revenues from receipt book to detailed budget status report; tracing a sample of expenditures to supporting documentation and reviewing for reasonableness; distributing internal control questionnaires for equipment, expenditures, payroll and leave, records retention, and revenues; and reviewing any responses from the auditee to the control questionnaires.

Internal audit utilizes a tracking system database to monitor the implementation of their recommendations all the way to completion. The standard timeline is to correct any issues within six months of issuing a report, or the issue is reported to the Board of Trustees. The internal auditor reported that, in the past three fiscal years, there have been no unresolved PSA audit issues.

Other Oversight

PSA is subject to many of the oversight mechanisms that apply to other units within Clemson University.

Institutional Assessment

All University program areas are required to submit annual reports through the University's electronic assessment system, WEAVEonline. Units are allowed to design their own measures and quality enhancement processes. The Clemson Office of Institutional Research reviews each unit's assessment report to determine whether their plan is adequate, but does not critique the specific measures chosen. For more information on performance measures, see page 23.

Financial Audits

State law requires Clemson University's accounting and financial records to be audited each year, including PSA financial records. For FY 07-08 and FY 08-09, the auditor issued an unqualified (favorable) opinion.

Federal Reviews

The USDA issues an "Annual Comprehensive Review and Determination Report" on Clemson PSA's meat and poultry inspection programs. This review includes both a self-assessment by the University and an on-site inspection by a USDA review team.

Spending Transparency Website

The Clemson University website includes a spending transparency tool (<http://transpend.clemson.edu>) in an effort to provide "accountability to the students, taxpayers, sponsors, donors, and alumni it serves." The public can access the website and view the University's educational and public service expenditures for a given period of time or even a specific vendor.

Programs, Mission, and Possible Duplication

Legislative Authority of PSA

According to PSA staff, four main pieces of federal legislation guide the activities of PSA's programming. These acts, the Morrill, Hatch, Smith-Lever, and McIntire-Stennis, define PSA regarding its mission related to land-grant status, extension services, research at experiment stations, and forestry work and research.

The Morrill Act (1862) established the land-grant system of colleges and universities within the United States and identified what functions these institutions should serve. This act specifies that funding be provided to each state for land-grant colleges and that these funds should be used for the education of students in agriculture and mechanical arts. At the time of the signing of the Morrill Act in 1862 by President Lincoln, American colleges were segregated by race. This eventually led to the signing of the second Morrill Act in 1890, providing land-grant status to historically black colleges and universities.

The Hatch Act (1887) established the system of agricultural experiment stations at land-grant colleges and universities in the United States. This act specifies that the purpose of these experiment stations is to "assure agriculture a position in research equal to that of industry, which will aid in maintaining an equitable balance between agriculture and other segments of our economy." The Hatch Act provides several areas of research in which experiment stations should focus investigations, such as plant and animal disease and soil and water analysis. This act provides federal funding for state land-grant institutions to establish experiment station sites for research purposes.

The Smith-Lever Act (1914) established the Cooperative Extension system at land-grant colleges throughout the United States. This act states that extension work should focus on the "giving of instruction and practical demonstrations of existing or improved practices or technologies in agriculture, uses of solar energy with respect to agriculture, home economics, and rural energy, and subjects relating thereto." The Smith-Lever Act establishes a partnership between extension programming and the U.S. Department of Agriculture (USDA). This act also provides federal funding for the purposes of state provision of extension-based program services. According to the Smith-Lever Act, extension services should have a four-fold focus:

- Serve agriculture and the public.
- Define agriculture broadly.
- Enhance human development.
- Meet local problems.

The McIntire-Stennis Act (1962) provides states assistance and coordination with forestry research. This act states that “production, protection, and utilization of the forest resources depend on strong technological advances and continuing development of the knowledge necessary to increase the efficiency of forestry practices.” The McIntire-Stennis Act outlines appropriate areas of forestry research, such as reforestation and crop production and forest and watershed land management.

Table 3.1 summarizes these four federal acts and their purposes related to Clemson and its PSA programming.

Table 3.1: Summary of Important Federal Acts Governing Clemson PSA Programming

ACTS	YEAR	PURPOSE
Morrill	1862	Land-grant status and funding
Hatch	1887	Experiment stations for research and funding
Smith-Lever	1914	Cooperative extension and funding
McIntire-Stennis	1962	Forestry education, research, and funding

In addition to the federal legislation related to PSA activities, the state of South Carolina provides authority to PSA and Clemson University for certain activities. State law gives PSA authority over certain programs within the Livestock-Poultry Health area, including the animal diagnostics lab and the Meat and Poultry Inspection program. South Carolina law also gives PSA jurisdiction and responsibility over areas of regulation within the plant industry, relating to pesticide regulation, and for the agricultural service laboratory and plant problem clinic. Additionally, PSA has statutory responsibility for agricultural biosecurity, under South Carolina law. Thus, in the event of an emergency or natural disaster, PSA is responsible for the coordination of efforts statewide and the surveillance of diseases and pests in agricultural plants and animals.

The Federal Meat Inspection Act (1906) and the Federal Poultry Products Inspection Act (1968) control Clemson’s Meat and Poultry Inspection program. Under these laws, any meat being commercially sold must be inspected, both during slaughter and processing. While the responsibility for meat inspection falls under the USDA, these laws allow state inspection programs if regulations are at least equal to those at the federal level.

The regulatory services within PSA work to control and maintain different areas of the state's agriculture and natural resource areas. State regulation gives PSA specific authority over crop pests and boll weevil eradication. Other statutory authority is given to PSA in state law regarding soil testing, and in laws related to fertilizer, pesticide, and chemical use in agriculture.

Mission — Clemson University

Upon his death in 1888, Thomas Green Clemson willed to the state of South Carolina land and other resources for the establishment of a college, now Clemson University. The purpose of this college, according to Clemson's will, was to provide education in agriculture, natural sciences, and mechanical science. Clemson also instructed those reading his last will and testament "to always bear in mind that the benefits herein sought to be bestowed are intended to benefit agricultural and mechanical industries." In doing this, Clemson stated his intended mission for the college to be an agricultural college.

According to University and PSA staff, Clemson's last will and testament, as well as the General Assembly's act of acceptance of Clemson's gift, are still used as a measuring stick for the activities of the college. Staff suggest that because the will advocates for specific purposes within the college, they are bound to activities that support agricultural programming. They also suggest that part of Clemson's mission is to take education and knowledge from the college and use it within the greater community. PSA, according to University and PSA officials, helps the University in achieving Clemson's goal of improving the quality of life for South Carolinians.

Mission — Clemson PSA

A 2008 economic impact study conducted by a private entity cites agriculture and forestry as South Carolina's number one industry, employing approximately 200,000 individuals in the state; thus, PSA's research, extension, and regulatory services impact many within the state. PSA's mission, as stated on its website, is to develop and deliver science-based information specific to South Carolina needs. Clemson PSA seeks to fulfill this mission through five specific goals (see p. 3).

Two of the five goals directly correspond to PSA's work in the areas of agriculture and natural resources. PSA officials argue that food-related programming, whether regulatory or health-related, are inherently agricultural in nature as they serve as a control mechanism for the distribution and consumption of agricultural products and teach individuals

to appreciate the importance of agriculture. PSA's goals have been consistent for over 10 years and mirror the goals of the USDA (see p. 21).

Current PSA Programming

PSA's activities are organized into five focus areas — agrisystems productivity and profitability, economic and community development, environmental conservation, food safety, nutrition and health, and youth development and families. Below is a summary of notable activities of each of these five focus areas within PSA.

Agrisystems Productivity and Profitability

- Research and Education Centers (REC) across the state.
- Programs and services aim to assist the public with various types of agricultural issues, such as farming, plant growth, and forestry.
- Research on plant, animal, and human genes at the Genomics Institute.
- Monitor for plant and animal disease and notification of producers of potential threats.

Economic and Community Development

- Develop partnerships among community organizations and state resources to benefit rural communities.
- The Strom Thurmond Institute conducts research and develops ideas in the area of public policy and community issues.
- Aid Clemson student efforts to connect to community action and opportunities to volunteer.

Environmental Conservation

- Research and regulatory activities that protect South Carolina's forests, wetlands, wildlife habitats, and water quality.
- Provide community education on effective conservation methods.
- Regulation of potentially harmful substances such as fertilizers and pesticides.

Food Safety, Nutrition and Health

- Regulation of the state's meat, poultry, and plant crops, in compliance with federal safety standards.
- Provide community education related to safe handling of food and healthy eating habits.
- Provide consumer information on nutrition, obesity prevention, reducing risks for chronic disease, and special dietary considerations.

Programming Emphasis

Youth Development and Families

- 4-H programming provides training for youth in skills, such as conflict resolution, being involved citizens, and protecting the environment.
- The Institute on Family and Neighborhood Life works with families and communities, both through research and outreach.
- The Youth Learning Institute provides experience-based programs and camps for youth, including residential programs.

Some of the activities under Clemson PSA do not fall under the umbrella of agriculture and natural resource education, research, or regulation. While the University places great emphasis on agricultural programs, PSA's partnership with the USDA may require a greater scope of activities within the community. Furthermore, for some programs under PSA, no state appropriated funding is allocated.

Each year Clemson PSA's goals and intended programming must be approved by the USDA. A federal plan of work is compiled annually by Clemson and South Carolina State University, the other land-grant college in the state. SCSU management stated that if the USDA deems some part of PSA's intended programming as outside of the intended mission of the programs, these parts of the plan will not be approved.

Under the Agricultural Research, Extension, and Education Reform Act of 1998, PSA programs cannot deviate from the mission of the USDA, as this mission is core within PSA and USDA provides funding to many of PSA's programs. Important goals under the USDA mission include providing: globally competitive agricultural systems, safe and secure food, a healthy and nourished population, harmony between agriculture and the environment, and economic opportunity and quality of life for Americans.

One program which does not fall under the umbrella of agriculture and natural resources is the Youth Learning Institute (YLI). This program provides a variety of programs for youth across South Carolina. Many of these programs are camp-based, although not specifically related to agriculture and natural resource education. However, the Institute also provides some residential programs in conjunction with state agencies such as the Department of Social Services and the Department of Juvenile Justice. One program at Camp Long, in Aiken, provides low-level juvenile offenders an alternative to traditional "behind the fence" juvenile detention facilities. New Horizons, a program at Camp Bob Cooper, near Summerton, provides a home for pregnant and teen mothers who are in the custody of the Department of Social Services.

It is questionable as to whether these types of programs fit into the mission of Clemson University or Clemson PSA. However, as mentioned above, PSA's partnership with the USDA allows for involvement with additional programming relating to economic opportunity and quality of life. S.C. Code §46-7-80 and §46-7-90 allow PSA to provide various types of programs; however, these programs are not mandated under Clemson PSA. YLI staff suggest that these programs not only benefit participants, but save the state money as other for-profit service providers of these types of programs would be much more costly.

YLI receives less than 5% of its \$8 million annual budget from state general funds. For FY 10-11, YLI's state general funds were cut to approximately \$380,000. Additional programmatic funding comes from private contributions, grants, and other federal sources. Additionally, PSA officials have indicated that by FY 11-12, YLI will be completely self-supported, receiving no state funding. Officials at YLI report that they continue to take efforts to maximize outside sources of funding and to be proactive in taking steps to be independently funded. YLI should continue to take steps to make its program self-supporting through use of additional funding sources.

PSA provides a number of other programs, mainly through extension service, that also may not be directly related to agriculture and natural resource education. These programs, which focus on areas like community development, leadership, neighborhood life, and healthy lifestyles, may be more closely related to the goals of the USDA, which funds these types of programs in many states across the United States (see p. 24).

Recommendation

4. Clemson University's Youth Learning Institute should transition into a self-supporting program, as planned, by FY 11-12.

Programming with Debatable Ties to PSA

Two programs which have a questionable relationship to Clemson PSA and are unrelated to USDA programs are Leadership South Carolina and the Strom Thurmond Institute of Government and Public Affairs. The Leadership South Carolina program promotes leadership among South Carolinians through the discussion of issues facing the state. In FY 10-11, Leadership South Carolina received no state general funds and operated entirely from grant funding and participant fees. The Strom Thurmond Institute works to provide both research and service to the state in issues relating to public policy, at all levels of government. For FY 10-11, this

Institute was allocated approximately \$240,000. Like funding for YLI, state general funds to the Strom Thurmond Institute will be discontinued in the near future and it will need to focus efforts on becoming self-supporting. It is unclear why these programs are part of Clemson PSA. Clemson University should consider whether PSA is the best entity to house both the Leadership South Carolina program and the Strom Thurmond Institute.

Recommendations

5. If Clemson University continues to operate the Leadership South Carolina program under Public Service Activities, it should operate without state general funds.
 6. If Clemson University continues to operate the Strom Thurmond Institute of Government and Public Affairs under Public Service Activities, it should operate without state general funds.
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Performance Measures

As mentioned previously (see p. 16), Clemson University departments and programs track goals and assessment information through the WEAVEonline program. This program seeks to coordinate information related to performance measures, program analysis, and standards assessment. This program also allows various PSA programs to set specific outcome measures for attaining goals. For example, in FY 09-10 the Youth Learning Institute indicated in its WEAVE assessment report that while it seeks to partner with major state agencies to provide youth programming, in periods of declining state revenues, programs are eliminated. Reports are submitted annually to the Office of Institutional Assessment. An institutional assessment official indicated that these reports are briefly examined for abnormalities; however, no in-depth analysis or examination takes place at this level. Thus, it appears that evaluations of performance are left up to individual units within the University.

A PSA official indicated that the WEAVE system is used for public service programming to complete annual appraisals of various program areas. Each year, these reports are evaluated to consider what goals were set, what outcomes were obtained, and what potential changes may need to be made to various areas within PSA. Additionally, PSA also uses CUMIS (Clemson University Management Information System), primarily for tracking and reporting performance measures related to cooperative extension services. Because extension often involves federal reporting of measures and USDA standards, the CUMIS system provides PSA the ability to make instant adjustments to the system and field agents are constantly able to access current information related to their programs.

According to a PSA official, decisions related to PSA are made based on information from both systems, WEAVE and CUMIS, as well as other forms of performance appraisal, such as program evaluations. Programs which have low participation rates or questionable outcomes may receive less funding or may be eliminated. This has been the case recently with several academic departments within Clemson's College of Agriculture, Forestry, and Life Sciences (CAFLS), which is closely associated with PSA (see p. 4).

Budgetary Impact on Programming

Since 2008, PSA's state general funds have decreased significantly due to statewide budgetary constraints. Because of decreases in available funding, PSA has had to shift programmatic priorities, as well as consider alternative funding sources for many programs and staff positions. Many areas within PSA have offered early retirement buy-outs to employees who are close to retirement eligibility and eliminated or consolidated open positions created by the buy-outs. PSA officials have indicated that programs within PSA have been affected by budget cuts; however, officials also state that staff within PSA are attempting to maintain the goals and mission of the organization.

Extension offices across the state have been affected by budget cuts, as business operations have now been consolidated into regional centers, instead of operating independently by county office. Additionally, staff at the various research and education centers (REC) across the state have been cut, limiting the work that can be done at these facilities. REC staff report that while they have been able to obtain more grants to sustain their research and educational efforts, generally grants are for very specific work and these funds cannot be used for other needs outside of the grant-specific area.

Programming Comparison — Other States

Clemson's PSA is unique in structure to that of other state universities and public service-type activities. We examined PSA-type programming and structures in the southeastern region of the U.S. — Alabama, Arkansas, Florida, Georgia, Kentucky, Louisiana, Mississippi, North Carolina, Oklahoma, Tennessee, Texas, and Virginia. These states organize similar activities under the agricultural college at state land-grant universities or state cooperative extension programs.

As mentioned, some of Clemson PSA's programs do not have a direct relationship with agriculture and natural resources. However, other states within the southeastern region have these types of programs. For example, Tennessee's Cooperative Extension provides programming in debt and credit card management, home buying, successful parenting practices, as well as

educational programs related to health issues, such as diabetes and arthritis. In North Carolina, Cooperative Extension includes programming in housing, tourism, and food and nutrition. In Georgia, Cooperative Extension programs provide education on green living, Medicare, childcare, and traffic safety. Our examination of programming in other states evidenced the strong relationship that the USDA's programmatic goals play in extension and PSA-type programming nationally. PSA programs focusing on nutrition, rural community development, and youth and families were mirrored in other states as well. Many of these programs are provided throughout the United States through federal funding from the USDA.

Meat and Poultry Inspection Program

Both Clemson PSA and the USDA inspect meat and poultry slaughter and processing facilities within South Carolina. Turning over the PSA program to the USDA could save \$949,672 in state general funds that could be used to fund other PSA programs.

The Meat and Poultry Inspection Program of Clemson's PSA is unique among southeastern states in that no other land-grant institution has this type of program. The states that do provide meat and poultry inspection services, through USDA partnerships, do so mostly through state Departments of Agriculture.

In South Carolina, the USDA inspects larger facilities, with more than 35 employees, while PSA's meat inspection services inspects mostly smaller facilities, with fewer than 25 employees. The facilities that receive services under state inspection cannot sell meat and poultry across state lines. However, as of July 1, 2011, the Food, Conservation, and Energy Act (FCEA) will allow small-scale producers to apply for their meat and poultry to be sold within interstate commerce. Clemson officials stated that this applies to state-inspected facilities with no more than 35 employees and a three-year rolling employee count of 25 or fewer employees.

As of June 2011, 27 states had state-managed inspection programs and 23 had no state programs, receiving all inspections from the USDA. Of the 111 total processing and slaughter facilities receiving inspections in South Carolina, 71 fall under the state inspection program. The state receives a 50:50 federal match for funds associated with the costs of these state inspections. The remaining 40 facilities fall under the domain of federal inspection.

S.C. Code of Regulations 27-1022 and 27-1023 describe the meat and poultry inspection program. Also, proviso 35.11 of the FY 09-10

appropriations act states that PSA will maintain operation of the state meat inspection program; however, the proviso does not require the state to provide this program.

According to a PSA official, small producers have indicated that they are not likely to pursue approval for interstate commerce of meat and poultry because of fears of being subject to federal inspectors. PSA officials also indicate that turning the state inspection over to the USDA may result in small producers going out of business. However, there are no studies related to the potential economic impact of a shift from state to federal inspections.

Recommendation

7. The South Carolina General Assembly should reconsider whether South Carolina should continue to operate a state meat inspection program, which is currently housed under Clemson Public Service Activities.

Duplication of Effort with Other State Entities

We reviewed the activities and responsibilities of several other state agencies to determine whether Clemson PSA duplicates the efforts of other entities. We did not review possible duplication of effort with private entities, for-profit businesses, or non-profit organizations. We selected agencies based on perceived similarities, as well as other related concerns regarding duplicated efforts. The agencies reviewed were:

- Department of Agriculture (SCDA)
- Department of Health and Environmental Control (DHEC)
- Department of Social Services (DSS)
- Department of Juvenile Justice (DJJ)
- Department of Natural Resources (DNR)
- Department of Commerce (DOC)
- Forestry Commission (SCFC)

Also, we considered the activities of South Carolina State University's (SCSU) 1890 programming to determine if any duplication exists with those at Clemson PSA. We found that some programs Clemson PSA operates appear to duplicate others, in part, because of the similarity of the programs administered by Clemson PSA and other state agencies; however, our analysis indicated that duplication did not exist in most of these programs. However, we did identify specific duplication of effort between Clemson PSA and SCFC in the areas of landowner associations and forestry education programming. We also found duplication between PSA and SCDA in programming for farmers' markets and community gardening.

While some similarities may exist in the activities and responsibilities of Clemson PSA and these agencies, we identified no areas of exact duplication in the following areas:

DNR Natural Resource Preservation and Education

The regulatory mechanism that PSA and DNR employ do not overlap. DNR manages the state's natural resources, while PSA focuses on research and conversation efforts through education.

DHEC Regulatory Services

DHEC's regulatory authority is specified in state law and does not overlap with the regulatory functions of PSA. DHEC regulates areas such as retail food services, water, milk products, seafood, and ice. DHEC works to prevent and control food borne disease. DHEC also regulates water quality. While PSA deals with some water quality issues, such as the misuse of pesticides, it focuses primarily on research. DHEC's emphasis in this area is concentrated on monitoring water under the Clean Water Act of 1972 and developing and implementing water quality standards. Clemson's "Center for Watershed Excellence" program, sponsored by the EPA, was supported by DHEC and provides citizens of South Carolina with a central location to research and obtain information on a variety of issues related to watershed management.

DOC Community Development

DOC's efforts in community development are more at a community-wide and infrastructural level, aiding in attracting new businesses to an area. For example, the DOC played a key role in attracting businesses such as Boeing, BMW, and Google to South Carolina. Conversely, Clemson PSA works with individuals within rural communities helping to provide education and enhancement of leadership skills and business knowledge. One example of this involvement is the S.C. New and Beginning Farmers program, which provides important information and experience to new farmers within the state. This program recently received a \$750,000 grant through Clemson's Institute for Economic and Community Development.

DSS Pregnant Teen and New Mother Programming

YLI is a paid service provider for DSS, providing staff and facilities for programs.

DJJ Low-Level Juvenile Offender Programming

As with DSS-related programming, YLI is a paid service provider for DJJ, providing staff and facilities for programs.

Some duplication of effort was identified between Clemson PSA and the SCFC in youth forestry education programs, as well as landowner associations. Both Clemson and SCFC work to help local landowners organize for resource management, land use, and problem prevention. These associations, according to an SCFC official, are designed to bring together individuals in the community with varying expertise and knowledge in forestry. Additionally, both PSA and SCFC provide educational programs related to forestry. A variety of forestry-related programs exist, providing education to both children and adults in South Carolina. Although SCFC considers these educational programs its domain, Clemson PSA receives federal funding annually through the McIntire-Stennis Act (see p. 18) for education and research in forestry which protects some of PSA's forestry-related educational programming. Nevertheless, Clemson PSA and SCFC should work together to ensure that duplication of educational programs, as well as research and public service, does not occur.

Duplicative efforts between Clemson PSA and SCDA were also identified. Both PSA and SCDA provide workshops to educate South Carolina growers about farmers' markets and work with community gardening. Officials at both PSA and SCDA acknowledge that this duplication exists, but contend that duplication in these areas works to benefit the state as a whole. Clemson PSA should coordinate efforts with SCDA to avoid duplication of effort related to these areas. If possible, SCDA should be responsible for these types of programs. Like DHEC, SCDA also regulates certain industries that are outside of the scope of PSA's regulatory influence. Some of these areas include flour and bread, cornmeal and grits, rice, milk fat content, imitation butter and cheese, ice cream and frozen desserts, and eggs.

South Carolina State University

We also considered the PSA-type activities at South Carolina State University (SCSU), the 1890 land-grant institution in South Carolina. Because both Clemson and SCSU are land-grant institutions, they are charged with similar missions of community education and related research. However, because of the 1890 status of SCSU's public service activities, its program focus is different from that at Clemson. According to SCSU 1890 program staff, the programming at Clemson is more focused on agriculture, while SCSU focuses on the community and social needs of local areas. Thus,

programs are often outside the realm of agriculture, focusing on leadership, community development, student academic enhancements, and nutrition.

Officials at both universities reported that Clemson and SCSU collaborate on public service activities and programs. As mentioned earlier (see p. 21), Clemson and SCSU are required to file a joint federal plan of work annually. Clemson and SCSU also share a statewide advisory committee that is comprised of community citizens and interested parties from different focus areas within public service programs across the state. This committee, according to SCSU 1890 officials, is unique in structure nationally. The statewide committee guides the focus of PSA-type programs at both land-grant institutions by identifying underserved areas and needs, duplication of effort, or mission creep.

Clemson and SCSU also collaborate to provide services to South Carolina citizens statewide. To prevent duplication of effort, certain services are not provided by both Clemson and SCSU extension programs. However, the entities work together to provide services whenever possible, according to SCSU 1890 officials. For example, SCSU does not have the laboratory capabilities to test soil samples; however, extension agents are able to take soil samples and send them to Clemson for analysis.

SCSU public service funding, like Clemson PSA's, is a mixture of state general funds, federal grant monies, and private contributions. For FY 10-11, 1890 programs received approximately \$4 million from the USDA, \$2.1 million from state appropriations, and \$1.6 million in grant funding. Like Clemson PSA, SCSU 1890 programs have experienced a sharp decrease in state funding, beginning in 2008 when its state appropriation was \$3.8 million. Additionally, because of the nature of the public service programs at SCSU, they are able to receive funds for programs from the USDA.

Recommendations

8. The South Carolina Department of Agriculture should assume the responsibilities of providing educational and organizational programming related to farmers' markets. Clemson Public Service Activities and the South Carolina Department of Agriculture should work together to eliminate duplication of effort with regards to these types of programs.
9. The South Carolina Department of Agriculture should assume the responsibilities of providing programming related to community gardening education. Clemson Public Service Activities and the South Carolina Department of Agriculture should work together to eliminate duplication of effort with regards to this type of program.
10. Clemson Public Service Activities should work with the South Carolina Forestry Commission to eliminate duplication of effort in programs for forestry education for children and adults in South Carolina.
11. Clemson Public Service Activities should work with the South Carolina Forestry Commission to eliminate duplication of effort regarding the organization of landowners into associations and educational work related to these associations.

Executive-Level Staff

We were asked to identify executive-level employees of the PSA, describe their responsibilities, and discuss their compensation. We reviewed Clemson University's human resource files of a sample of 24 executive-level employees for years 2005 through 2010. In addition, we interviewed staff to determine what their job duties entailed.

We found that:

- The majority of these employees received pay increases, some significant, each year until FY 09-10.
- Human resource files of employees receiving performance pay increases did not include appropriate documentation justifying the amounts of raises awarded.
- Most of these employees are in unclassified positions which means, in part, that there are no evaluations of their work and most of the files did not contain job duties or descriptions.
- Two employees' title designation was "lecturer" even though their job duties did not include giving lectures or teaching. This designation exempts them from pay bands and evaluations.
- One employee received a \$1,200 bonus, in addition to his regular salary, even though University policy prohibited bonuses for unclassified employees earning over \$100,000.
- In addition to an employee's base salary, the employee may receive other types of pay, including awards, performance pay increases, supplemental pay, dual employment, and bonuses.
- Employees appointed to positions of higher responsibility normally receive a pay increase to serve in an interim position and an additional pay increase when the assignment becomes permanent.

Executive-Level Staff

To identify PSA executive-level staff, we reviewed the PSA's 2009-10 Accountability Report, the PSA organizational chart, the list of employees under the heading of "Administration" on the PSA website, and interviewed the PSA Vice President. We identified 24 executive-level PSA staff.

The salaries in our sample ranged from approximately \$62,000 to \$243,000 annually. Of the 24 employees reviewed, 15 earned over \$100,000, with 8 of those earning over \$150,000. Salary percentage increases from FY 05-06 through at least FY 07-08 ranged from 1% to, in one stance, 107%.

One employee received an overall increase of 57% over the five-year period. The human resource file for this employee shows that these increases were for changes in position or responsibility and one for an “exceptional promotion”. Another employee received approximately 30% in increases over three years – FY 05-06 to FY 08-09.

Most of the employees in our sample received cost of living adjustments (COLA) each year from FY 06-08 through FY 08-09. The amounts of these COLAs varied from 1% to 4.5%. No COLAs were given for years FY 09-10 or FY 10-11.

There were several reasons given for performance increases over the period of review, FY 05-06 through FY 10-11:

- An employee received a 10% performance increase for meeting two criteria: (1) Substantial contribution to the objectives of the department or division, and (2) Demonstrated positive attitude and spirit of service and cooperation. This employee was unclassified and no performance evaluations or other information documenting performance was in the file.
- One employee received performance raises for three straight years. Documentation for only one of these increases was in the file.
- One employee received a substantial increase for an “exceptional promotion”. There was no documentation in the file indicating what that means.

One employee in a classified position until FY 06-07 became an unclassified “lecturer” (see p. 38) that year, and received an increase in salary of 14% at that time and an overall increase in pay from FY 05-06 to FY 08-09 of 38%. The human resource file indicates that the first significant raise was because the employee became unclassified. Documentation of the next raise indicated an increase of job responsibilities relating to the Restoration Institute.

Only one employee received a raise from FY 09-10 to FY 10-11. The employee received a 10% increase for assuming new responsibilities as a lead agent.

Performance increases and increases for promotions varied in amounts. The human resource files did not document, in most cases, specific reasons or justifications for the amounts given. Increases for employees earning less than \$175,000 or not reporting to the president of the University are not scrutinized formally. As mentioned earlier, many of the employees in our sample were unclassified employees who did not receive any evaluations, either formally or informally, which were documented in the human resource files.

PSA Top Ten Earning Staff

As of December 2010, PSA staff in the following positions had the highest salaries.

Table 4.1: Top Ten Earning PSA Staff as of December 2010

JOB TITLE	FY 10-11 SALARY	PERCENT INCREASE SINCE FY 05-06 *
Vice President	\$242,732	23%
Director Institute on Family & Neighborhood Life	\$222,217	10%
Interim Dean - CAFLS	\$200,000	107%
COO - Experiment Station Director - Archbold Center Interim Director - Coastal Center	\$183,592	57%
Associate Vice President	\$169,004	22%
Director - Baruch Institute	\$151,651	17%
Director - Thurmond Institute	\$150,742	14%
Interim Director - Genomics Institute	\$150,000	0%
Interim COO Cooperative Extension Services	\$148,670	39%
Director - Youth Learning Institute	\$142,814	47%

* These increases occurred primarily between FY 05-06 and FY 08-09.

Source: Clemson University

PSA Vice President (VP)

In addition to his duties as vice president for PSA, this employee is also the executive director of the Restoration Institute, which is located in North Charleston and is the home of the Hunley. The PSA VP oversees all aspects of the Public Service Activities and is the Mission Vice President of the University, working with the Provost and the Research Vice President to manage the University. Half of his salary is paid out of the Education & General (E&G) budget and the other half is from the PSA budget. The PSA VP reports directly to the University president.

Director of the Institute on Family & Neighborhood Life

According to Clemson's website, the institute conducts research and education programs, analyzes public policies, and provides technical assistance for community institutions that support family and neighborhood life. The institute is comprised of five centers that address issues critical to healthy families and neighborhoods in South Carolina. The director reports to the PSA VP.

Interim Dean of the College of Agriculture, Forestry, and Life Sciences (CAFLS)

In addition to the duties of the interim dean, this employee serves as interim associate vice president for PSA. The interim dean describes his associate vice president for PSA duties as being the on-campus presence of PSA. He must ensure that PSA funds are administered in the appropriate place. The interim dean reports to the provost and to the PSA VP.

Director of the Experiment Station

The Experiment Station develops unbiased research-based knowledge for agriculture, natural resources, and rural communities. Research is conducted in laboratories, farms, and forests on the Clemson campus and at five research and education centers across the state:

- Sandhill Research & Education Center in Columbia
- Edisto Research & Education Center in Blackville
- Pee Dee Research & Education Center in Florence
- Coastal Research & Education Center in Charleston
- Belle W. Baruch Institute of Coastal Ecology & Forest Science in Georgetown

In addition to those duties, the director is also the Associate Dean for the College of Agriculture, Forestry, and Life Sciences and reports to the PSA VP.

Director of Regulatory Services

The director is also an associate vice president for PSA. According to this employee, approximately 85% of his time is spent on regulatory services, such as licensing termite control professionals. This employee is also responsible for audio and video productions relating to PSA and reports to the PSA VP.

Director of the Baruch Institute

The Baruch Institute provides research and education programs focused on the ecology and management of the natural resources of the coastal region of South Carolina for the betterment of the state's citizens by conducting research on more than 80,000 acres of coastal forest. This employee reports to the Director of the Experiment Station.

Director of the Strom Thurmond Institute

The Strom Thurmond Institute for Government & Public Affairs, according to Clemson's website, conducts applied research, training and critical trends analysis for public policy issues such as fiscal sustainability, land use, urban growth, and water quality. The work of the institute relates to local, regional, state, and national levels. The director reports to the PSA VP.

Interim Director of the Genomics Institute

The Genomics Institute conducts research and training to discover and analyze important genes of plants, plant pests, animals and microbes to improve agriculture, human health, and the environment. This employee reports to the Dean of the College of Agriculture, Forestry, and Life Sciences.

Interim Chief Operating Officer (COO) for Cooperative Extension Services

All the county agents at the extension offices report to the COO. According to this employee, he is also responsible for the Garrison Arena. This employee now has an Assistant Director who serves as a liaison with the county staff. The interim COO reports to the PSA VP.

Director of the Youth Learning Institute

The Youth Learning Institute develops and delivers youth development programs through high-performance learning environments to build quality relationships and valuable life skills. The director of this program reports to the PSA VP.

Compensation Committee

In July 2007, the Board of Trustees established a compensation committee to approve salaries of certain employees. These employees included those earning \$175,000 or more, those with multi-year contracts (such as coaches), or those who report directly to the University president.

Salaries of three employees from our sample were documented by the committee. We found two cases where the committee approved a salary increase of a PSA employee and one other case where an employee was promoted to a dean position. The supporting documentation indicated that two of these increases were because of promotions to positions with more responsibility. Also, the committee was given some comparative salary data for positions of other research universities. These increases were approved as submitted.

We found three instances in our sample where the documentation in the human resource files indicated that the committee was involved in the approval of the salary increase, but information provided by the committee did not include these employees. Also, none of the documentation for the employees whose salaries were discussed by the committee or employees whose files indicated the committee approved their increases included a signature of someone on the committee. However, one file had a memo regarding the approval. The documentation had a typed note on a signature line that the committee approved the increase on a particular date.

Recommendation

12. A representative of the compensation committee should either sign the documentation in the human resource file or place minutes of the committee's meeting in each affected employee's human resource file to document that the committee approved the increase.

Performance Pay Increases

PSA does not document, in writing, justifications for performance pay increases. Proper documentation is needed to help ensure equitable pay to all PSA employees.

We found five instances in our sample where employees were given substantial increases in pay for good performance. A Request for Performance Increase form listing 14 "criteria" was often used to request a salary increase. Some of the criteria listed, such as "demonstrated positive attitude and spirit of service and cooperation" are subjective as criteria to document pay raises. According to a PSA official, the amount of the increase

is normally a judgment call and no written justification is required to document the reasons for the increase. A request for performance pay form, approval of the budget source, and supervisor signature is required to process a performance pay increase.

Since unclassified employees have not received formal evaluations and the percentage increase is a judgment call, a brief, written justification in the employee's human resource file should be required. Written reasons for increasing an employee's salary could deter questions about inequities and favoritism.

Recommendation

13. Clemson University Public Service Activities management should document, in writing, justifications for performance pay increases.
-

Pay Increases for Interim Appointments

In our sample, we found that employees promoted to interim positions of increased responsibility normally received a raise in pay. After a standard period of two years, the employee is normally promoted permanently into that position and receives another pay increase. According to PSA management, receiving two increases in pay for a promotion to one position is standard practice. We found that one employee received a 10% increase to serve in an interim capacity then received another 15% increase when the position became permanent. Another employee was promoted and received a \$10,000 supplement, which was added to his base salary when the promotion became permanent.

Performance Evaluations

Annual evaluations of an employee's performance are required by state law and Clemson University policy. However, we found that evaluations of unclassified staff are not being conducted.

Lack of evaluations has been an ongoing deficiency. A 2002 Southern Association of Colleges and Schools (SACS) self-study stated that one area of concern was the method used to document evaluation of unclassified administrators at the University. One of the recommendations in this study was that the effectiveness of all administrators must be evaluated periodically. It also stated that a written evaluation/review system of unclassified administrators must be developed and implemented in areas where needed.

We found that 19 of the 20 unclassified employees in our sample were not evaluated during our five-year period of review. The three classified employees in our sample received an annual evaluation for each year of our review; however, it was unusual that each of these employees received the highest score, substantially exceeds, for each year evaluated. The remaining employee in our sample was a temporary employee.

Formal evaluations serve as an effective management tool within the agency and formal documentation of strengths and weaknesses of employees. If an employee is receiving substantial increases in pay, as many in our sample were, those employees should be evaluated to ensure that the increases are merited and reasons for those increases are documented.

Recommendation

14. Clemson University Public Service Activities management should document evaluations of executive-level staff.

“Lecturer” Classification

At least two individuals in our sample were classified as “lecturer” even though their duties did not include lecturing or teaching. Giving an employee the title of “lecturer” allows the University to pay that individual any salary, without regard to pay bands. It also means that the employee becomes an unclassified employee and evaluations are no longer completed.

According to the Director of Human Resources (HR) for Clemson University, the University has used this classification to pay employees any salary it deems appropriate. The University is aware that this is an issue and is working to find appropriate state human resource titles for these employees.

Recommendation

15. Clemson University Public Service Activities management should discontinue classifying employees as “lecturer” if this classification does not accurately reflect that employee’s job responsibilities.

Awards and Other Types of Pay

In addition to a PSA employee's base salary, an employee may also receive other types of pay, including awards, performance pay increases, supplemental pay, dual employment, and bonuses. Employee salary reports found on the University's website do not include additional pay such as bonuses, dual employment, or other special pay.

We reviewed awards given to PSA employees from years 2005 through 2009. Awards given in 2010 have not yet been reported. Two employees in our sample received awards during those years. One employee received a special recognition for outstanding service; however, according to an agency official, no monetary award is associated with this honor. A second employee received two awards from outside entities for which she submitted work to be judged, but did not receive any financial compensation.

Table 4.2 describes several awards for which PSA employees may receive monetary compensation.

Table 4.2: PSA Employee Awards

NAME OF STAFF AWARD	AMOUNT OF AWARD	SOURCE OF FUNDS
Clemson Alumni Association Award for Cooperative Extension Distinguished Service	\$2,500	Clemson University Foundation
Vice President's Award for Outstanding Customer Service	\$500	E&G
Cooperative Extension Service Superior Performance Awards	\$400	PSA
Cooperative Extension Service Outstanding Service Award	\$200	PSA
4-H/Youth Development Meritorious Service Award	\$25	Private

Source: Clemson University

PSA Activities by Budgetary Program Area and Focus Area, FY 10-11

ACTIVITY	PROGRAM AREA*	FOCUS AREA	PERCENTAGE OF TOTAL BUDGET
4-H and Agricultural & Natural Resource Programs for Youth	III, IV	5	16.59%
Animal Production Systems	III, IV	1	8.57%
Agronomic Crops	III, IV	1	7.98%
Horticultural Crops	III, IV	1	7.68%
Food Safety and Nutrition	III, IV	4	7.61%
Administration	all	n/a	6.78%
Agricultural Biotechnology	III	1	6.21%
Pesticide Regulation	I	3	5.40%
Meat Inspection	II	4	4.53%
Water Quality and Quantity	III, IV	3	3.96%
Sustainable Forestry Management and Environmental Enhancement	III, IV	3	3.54%
Natural Resources and Environmental Research and Education	III, IV	3	2.69%
Television, Web and Print Productions	III, IV	n/a	2.28%
Integrated Pest Management (IPM) for Agriculture and Forestry	III, IV	3	2.16%
Risk Management Systems for Agricultural Firms	III, IV	2	1.90%
Animal Health and Diagnostic Laboratory	II	4	1.76%
Plant and Seed Certification	I	3	1.75%
Rural Community Economic Development	III, IV	2	1.57%
Agricultural Education Teachers' Salaries (pass-through)	IV**	5	1.16%
Household and Structural Pest Control and Pesticide Training	IV	3	0.98%
Environmental Horticulture Education	IV	3	0.91%
Rural Community Enhancement and Improvement	IV	2	0.86%
Rural Community Leadership Development	IV	2	0.63%
Agricultural Biosecurity	III, IV	1	0.53%
Reducing the Impact of Animal Agriculture on the Environment	III, IV	3	0.46%
Organic Crops	III, IV	1	0.39%
Nutraceutical Crops	III	1	0.22%
Nuisance Species	IV	3	0.17%
Urban Wildlife	IV	3	0.13%
Alternative Income Opportunities for Landowners	IV	2	0.13%
Rural Community Public Issues Education	IV	2	0.10%
Radio Productions	III, IV	n/a	<0.1%
Government and Public Affairs Research and Education	IV	2	<0.1%
Community and Economic Affairs Research and Education	IV	2	<0.1%
Boll Weevil Eradication Programs (pass-through)	I**	3	<0.1%
Master Wildlifer/Master Naturalist	IV	3	<0.1%
Growth and Population Research and Education	IV	2	<0.1%
BioEngineering Alliance	***	-	0.00%
The South Carolina Institute for Energy Studies	***	-	0.00%
Recreation and Tourism	III, IV	2	0.00%
Agro Medicine (pass-through)	***	-	0.00%

MAJOR (BUDGETARY) PROGRAM AREAS	
I	Regulatory and Public Service
II	Livestock-Poultry Health
III	Agricultural Research
IV	Cooperative Extension Service
VII.C	Employee Benefits*

PSA FOCUS AREAS	
1	Agrisystems Productivity & Profitability
2	Economic & Community Development
3	Environmental Conservation
4	Food Safety & Nutrition
5	Youth Development & Families

- * Except for where noted, every activity receives funding for employee benefits.
 ** Receives no funding for employee benefits.
 *** Budget line eliminated.

Appendix A

Agency Comments

Appendix B



July 26, 2011

Mr. Thomas J. Bardin, Jr.
Director, Legislative Audit Council
1331 Elmwood Avenue, Suite 315
Columbia, South Carolina 29201

Dear Mr. Bardin:

**OFFICE OF
THE PRESIDENT**

James F. Barker, FAIA
201 Sikes Hall
Clemson, SC
29634-5002

P 864-656-3413
F 864-656-4676

We have received the final audit report from your audit manager, Ms. Marcia Lindsay. We'd like to say thank you to Marcia Lindsay, Ben Bryan and Katie Woodlieff for their positive, professional and thorough review of Clemson University Public Service Activities (PSA).

Their comprehensive review clearly demonstrates that PSA is a complex organization that is well-managed, cost-efficient, entrepreneurial, focused on priorities, and providing valuable service to the state of South Carolina. Despite losing 47 percent of its state funding since 2008, PSA has maintained a presence in every county, highly productive research and education centers, and educational programs for adults and youth – ensuring that Clemson fulfills its core responsibilities as a land-grant institution. That would not be the case if it were not for the hard work of PSA employees and administrators finding ways to be more efficient, save money, and generate alternative revenues.

We're also encouraged that the audit reinforced many key decisions made by PSA administrators in response to state budget cuts – such as transitioning the Youth Learning Institute, Strom Thurmond Institute, Leadership South Carolina and many other programs to self-generated revenue so that we can direct our remaining state dollars to core agriculture and forestry Extension and research.

Appropriate staff have reviewed the report and formulated a response to each specific recommendation, as well as addressing some items included in the narrative sections of the report to provide further information for the reader(s).

Our responses are presented below:

PSA responses to specific audit recommendations:

1-Clemson University Public Service Activities management should require employees to comply with the state travel guidelines and adhere to GSA lodging rates in order to maximize cost savings.

PSA will continue its monitoring program of lodging rates to ensure continued compliance with State law.

2-Clemson University Public Service Activities management should require employees to utilize the most economical travel arrangements available in order to maximize cost savings.

PSA funded current travel expenditures have declined 44 percent since 2008, reflecting efforts by staff to eliminate travel whenever possible and make the most economical arrangements possible when travel is necessary for core business functions. PSA employees are asked to use the most prudent judgment when making travel arrangements. PSA will remind employees that this is the policy and that there is a tool available to aid them with their calculations. There will be times when a travel schedule does not coincide with the motorpool operational hours, security concerns or the ability of the employee to comply with other policies regarding driving a vehicle for business use only, and so the benefit from a reduced direct vehicle cost is outweighed by associated costs. Many PSA employees are located in areas of the State where no state or leased vehicles are readily available.

3-Clemson University Public Service Activities management should ensure that dual employment requests are approved in compliance with state and University human resources policies, including the specified times for employment, allowing only FTEs to obtain dual employment, and limiting dual employment compensation to 30% of the employee's annual salary.

As noted in the audit report, PSA has an average of approximately 5 employees engaged in dual employment each year. PSA will increase its vigilance in completing the dual employment forms to include all required information. PSA will work closely with Clemson University Human Resources (HR) to ensure that any employee with multiple dual employment appointments across the University remain under the required annual percentage limitation.

4-Clemson University's Youth Learning Institute should transition into a self-supporting program, as planned, by FY 11-12.

We're pleased that the audit reinforces the administration's previous decision to make YLI totally self-supporting. As noted in the audit report, the existing two year plan, which began in FY 2010-2011, for Institutes associated with PSA, is to remove State PSA general fund support from these Institutes. This plan has been implemented.

5- If Clemson University continues to operate the Leadership South Carolina program under Public Service Activities, it should operate without state general funds.

We're pleased that the audit reinforces the administration's previous decision to make Leadership South Carolina totally self-supporting. The Leadership South Carolina program is housed at the Clemson Institute for Economic and Community Development (CIECD) and all State PSA general fund support has been removed from that Institute; therefore Leadership South Carolina receives no state PSA general funds.

6- If Clemson University continues to operate the Strom Thurmond Institute of Government and Public Affairs under Public Service Activities, it should operate without State general funds.

We're pleased that the audit reinforces the administration's previous decision to eliminate PSA funding for the Strom Thurmond Institute. As noted in the audit report, the existing two year plan, which began in FY 2010-2011, for Institutes associated with PSA, is to remove State PSA general fund support from this Institute. This plan has been implemented.

7-The South Carolina General Assembly should reconsider whether South Carolina should continue to operate a state meat inspection program, which is currently housed under Clemson Public Service Activities.

Clemson PSA will continue to operate the state meat inspection program in South Carolina in an efficient and effective manner as mandated by the South Carolina General Assembly by Proviso.

8-The South Carolina Department of Agriculture should assume the responsibilities of providing educational and organizational programming related to farmers' markets. Clemson PSA and the South Carolina

Department of Agriculture should work together to eliminate duplication of effort with regards to these types of programs.

We respectfully disagree. Clemson has specific and unique expertise and experience needed to provide educational and organizational programming related to farmers' markets effectively, and we believe these functions are central to our mission as a land-grant university. However, Clemson and the SC Department of Agriculture have a long history of collaboration to ensure that each of us can carry out our specific and distinctive missions efficiently and without duplication of effort, and we will continue to explore options for further collaboration.

9-The South Carolina Department of Agriculture should assume the responsibilities of providing programming related to community gardening education. Clemson PSA and the South Carolina Department of Agriculture should work together to eliminate duplication of effort with regards to this type of program.

We respectfully disagree. Clemson has specific and unique expertise and experience needed to provide programming related to community gardening education effectively, and we believe these functions are central to our mission as a land-grant university. However, Clemson and the SC Department of Agriculture have a long history of collaboration to ensure that each of us can carry out our specific and distinctive missions efficiently and without duplication of effort, and we will continue to explore options for further collaboration.

10-Clemson Public Service Activities should work with the South Carolina Forestry Commission to eliminate duplication of effort in programs for forestry education for children and adults in South Carolina.

We believe that Clemson's role in forestry education for children and adults is central to our mission as a land-grant university and does not duplicate programs at other agencies. Our federal funding requires us to provide education programs for youth and adults. Clemson and the South Carolina Forestry Commission have a long history of collaboration to ensure that each of us can carry out our specific and distinctive missions efficiently and without duplication of effort, and we will continue to explore options for further collaboration. A draft MOU with the Forestry Commission has been in process to define collaboration and individual agency duties.

11-Clemson Public Service Activities should work with the South Carolina Forestry Commission to eliminate duplication of effort regarding the organization of landowners into associations and educational work related to these associations.

We believe that Clemson has specific expertise and experience to help landowners organize into associations and to provide educational programs related to these associations. These activities are central to our mission as a land-grant university and do not duplicate efforts at other agencies. Clemson and the South Carolina Forestry Commission have a long history of collaboration to ensure that each of us can carry out our specific and distinctive missions efficiently and without duplication of effort, and we will continue to explore options for further collaboration. A draft MOU with the Forestry Commission has been in process to define collaboration and individual agency duties.

12-A representative of the compensation committee should either sign the documentation in the human resources file or place minutes of the committee's meeting in each affected employee's human resource file to document that the committee approved the increase.

PSA will coordinate with the liaison to the Compensation Committee of the Board of Trustees and establish a formal process to ensure the documented actions of this committee are included in employee human resource files.

13-Clemson University Public Service Activities management should document, in writing, justifications for performance pay increases.

While it is clear internally to PSA administration the value and appropriateness of performance pay increases, the audit report notes that the documentation that has been provided for the HR records does not effectively communicate this information. PSA will more fully and carefully document performance pay justifications in writing.

14- Clemson University Public Service Activities management should document evaluations of executive-level staff.

PSA will formalize the evaluation process for executive-level staff.

15-Clemson University Public Service Activities management should discontinue classifying employees as "lecturer" if this classification does not accurately reflect the employee's job responsibilities.

Because research university faculty, professional staff and administrators have unique responsibilities and advanced education requirements not generally found at other state agencies, the state's classification systems often do not accurately describe or compensate those positions. Clemson University HR has been working with South Carolina State Human Resources (HR) since Fall, 2010 to determine more accurate job titles for certain positions. The target date to update the noted titles is Summer, 2011.

Comments on other information contained in the report:

Regarding the compensation chart on page 33, it should be emphasized that the percentage increases do not indicate just a one time salary increase but an accumulation over 5 years by person, not position. In several cases, the increases reflect solely legislated cost of living increases. In others, they reflect a promotion or new appointment (such as from a faculty member to a Dean or from an assistant position to the main administrator level). Another factor related to the individual positions noted, is that for some this represents one leadership position, where before there were two and there is a cost reduction from that consolidation. It is also important to note that where comparable position data is available for 13 Southern Land Grant Universities, those PSA administrators are below the average salary at the other Institutions.

Regarding the Meat and Poultry Inspection Program narrative on page 25, it should be noted that PSA inspects facilities of all sizes in South Carolina, including those with 25 or more employees.

Thank you again for your audit efforts on behalf of Clemson PSA.

Sincerely,

A handwritten signature in black ink, appearing to read 'James F. Barker', with a long horizontal line extending to the right.

James F. Barker, FAIA
President



Hugh E. Weathers, Commissioner

State of South Carolina Department of Agriculture

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agriculture.sc.gov

July 22, 2011

Mr. Thomas J. Bardin, Jr.
Legislative Audit Council
1331 Elmwood Avenue
Suite 315
Columbia, SC 29201

Dear Mr. Bardin:

Thank you for the opportunity to review and comment on the final report being filed and conducted by the Legislative Audit Council related to Clemson University's authority and programs related to various agricultural activities.

The S.C. Department of Agriculture has no additional comments to offer.

Sincerely,

A handwritten signature in dark ink, appearing to read "A E C", followed by a long horizontal flourish.

Anne E. Crocker

This report was published for a
total cost of \$39.36;
55 bound copies were printed
at a cost of 72¢ per unit.